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DEPARTMENT FOR OES/ENV, EUR/RUS and EUR/PGI

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SUBJECT: Russia: Environmental NGOs Focus on Sochi

REFS: A) 06 MOSCOW 8221  
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11. SUMMARY: Large scale development plans for Sochi, a major resort in the south of Russia and one of three finalists to host the 2014 Winter Olympics, continue to prompt concerns among environmental NGOs in Russia. Despite intense government pressure and Rosprirodnadzor approval of an environmental impact assessment, NGOs persist in objecting to development in sensitive protected areas. World Wildlife Fund is pursuing informal lobbying channels, while Greenpeace-Russia has filed a second legal challenge that will be heard June 6. Most of the government's development plan will be completed irrespective of whether Sochi is selected to host the 2014 games, and should provide some ecological improvements to the region's sagging infrastructure. Still, the NGO activism demonstrates a high degree of engagement in the process -- and acceptance of their involvement by Russian Government agencies -- and has a fair chance at influencing the outcome. END SUMMARY.

Background

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12. Long one of Russia's leading nature retreats, Sochi, located in Krasnodar Kray, is one of three finalists to host the 2014 Winter Olympics. A pristine and unique environment tucked between the Western Caucasus Mountains and the Black Sea, Sochi is home to both the Caucasus Nature Reserve (a UNESCO World Heritage Site) and Sochi National Park. Buoyed by Russia's strong economy, President Putin has taken a significant personal interest in upgrading Sochi into a world class resort. The Federal Targeted Program for the "Development of the City of Sochi as a Mountain Climate Resort (2006-2014)" calls for \$12 billion in investment to be split 60-40 between the federal government and private investors. However, these development plans have met stiff challenges from environmental NGO's in Russia. EST recently met with representatives of the two largest NGOs involved -- Igor Chestin, Director of World Wildlife Fund-Russia (WWF), and Ivan Blokov, Campaign Director for Greenpeace-Russia -- to discuss their ongoing action.

13. The government's proposal was adopted June 8, 2006, but was promptly challenged in court by Greenpeace for lack of an environmental impact assessment and plans to build within the protected buffer zones of Sochi National Park and the Caucasus Nature Reserve. Greenpeace ultimately lost its case in the Russian Supreme Court this March in what Blokov described as a "highly political decision," but the challenge -- and a letter from Director Chestin to Putin in February -- prompted Deputy Prime Minister Zhukov to order the Ministry of Natural Resources to form an expert ecological group to offer recommendations for an environmental impact assessment. This advisory ecological commission, headed by Natural Resources Deputy Minister Anatoliy Tyomkin, includes experts

from ministries, academic institutes, regional administration, and NGO's. (NOTE: Several NGO's known for vocal opposition to the development proposal were excluded. END NOTE). WWF's Chestin is a member and also sits on the Ministry for Economic Development and Trade (MEDT) Coordination Council. The MEDT council is tasked with overseeing implementation of Sochi's development, and consists of representatives from several ministries, the bid committee, the Olympic committee, private investors -- the major players are Gazprom, Interross, and Basic Element -- and administrators from the Krasnodar region.

#### Heavy State Pressure Secures Development Approval

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14. On March 30 the Ministry of Natural Resources advisory ecological commission issued an almost unanimous positive environmental impact assessment; only the representative from Greenpeace objected. With Sochi's Olympic bid depending on the federal development plans, many parties had a strong interest in approval. According to Chestin and Blokov, members of the group were pressured (some with threats to research budgets) by officials to issue a positive assessment. Chestin supported the final conclusions, but attached a dissenting opinion. In his view, the most critical of the expert opinions -- those dealing with animal migratory patterns and the integrity of protected areas -- were wrongly omitted from the final assessment. As each specialist reviewed only issues in their narrow field of expertise, the omission of key expert objections softened the final text in a way that, by glossing over critical issues, allowed all members to accept. The impact assessment was officially approved by Rosprirodnadzor on April 17.

#### Government Development Plans Not All Bad...

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15. The federal development plans will provide needed ecological improvements and are preferable to the alternative of unregulated

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development. Chestin noted that Sochi is one of the most prominent resorts in Russia and it is not a question of whether or not there will be development, but rather where and how it will be carried out. The Federal Targeted Program for the development of Sochi is a significant government priority. It is a \$12 billion dollar plan, 70 percent of which is to be completed irrespective of Sochi's selection to host the 2014 Winter Games. In addition to developing the local economy, the project will bring ecological improvements to the region, including needed solid and biological waste treatment facilities, proper dumps and recycling facilities, a sustainable water management system, and energy efficiency initiatives. The MNR ecological commission also successfully lobbied the government to restrict nighttime road construction to lessen the threat to certain mammal species. It has also been promised that its views will be incorporated in the coming months as the MEDT commission defines specific parameters for monitoring construction. It is because of these ecological improvements that WWF generally supports the federal development plans. Many points of concern continue to be raised by environmental NGOs, however.

#### ...but NGO Objections Persist

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16. NGOs continue to press the government to further address the weak points of its proposal. WWF is particularly anxious about a major sports and hotel complex that is to be built in the buffer zone of the Caucasus Nature Reserve, and has suggested an alternative location. WWF is concerned that the complex, with its bobsled track, hotel complex, and an Olympic Village in the mountains approximately 25 km east of Krasnaya Polyana, will interrupt the migratory patterns of deer and wild boar in and out of the Caucasus Nature Reserve. Greenpeace has broader concerns, reluctantly accepting development of recreational sports facilities in protected areas as a "grey area" that is technically legal, but arguing there are nine other illegal construction projects, including a spa and hydro-electric center, planned in these areas. Greenpeace representative Blokov claims that the new law pushed

through by the Ministry of Natural Resource's advisory ecological commission requiring environmental impact assessments for all major developments will not be applied retroactively to projects already begun. He said that the authorities have made a calculated decision to start work on many of the development projects in order to circumvent this new requirement.

What Comes Next?

17. After losing a legal challenge in the beginning of March that rose all the way to the Russian Supreme Court, Greenpeace has filed a second court brief. The first hearing will be June 6. WWF plans to continue to work in MEDT's Coordination Council to press both the government and private investors to relocate construction projects (something Blokov said Greenpeace unofficially supports). However, while the proposed site is closer to existing infrastructure (roughly 1 km north of Krasnaya Polyana) and will almost certainly meet the technical requirements of the Bobsled track and Olympic Village, officials remain reluctant to change their initial planning. If a suitable compromise cannot be reached with the government, Chestin said he will focus on working directly with private investors. He has almost reached an agreement with one, Interross.

18. Chestin also claimed that, if necessary, he is prepared to appeal to the IOC to bring in an external IUCN-World Conservation Union commission to review the Russian environmental impact assessment. As no changes are allowed to the bid proposal before the July decision, such a move to re-evaluate the assessment would likely lead to the dismissal of Russia's 2014 Winter Olympic Bid and eliminate some critical construction such as the Olympic village. Such a direct attack on the Olympic bid is unlikely, but it reflects growing assertiveness on the part of NGOs seeking to influence policy decisions. (NOTE: Even if WWF is successful in reaching an agreement to move the construction site, no actual change to the development plans would be made until after the July IOC bid announcement, under an existing agreement with the MEDT. END NOTE)

Comment

19. Environmental NGOs clearly are playing an active role in shaping Sochi development plans. The Russian Government has acknowledged that role and their interests by including some of them in the review process. Although the federal development program for Sochi is generally sound, these NGOs have stepped forward to fill an important niche as they pressure the Russian government to defend and clarify the weak points in its proposal. Still, it is unlikely they will obstruct Russia's bid for the 2014 Winter Games. Because this bid is such a matter of pride amongst Russian officials, any

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deliberate attempt to derail it would probably cause NGOs more harm than good. Despite contrasting avenues of action -- both informal lobbying and direct legal challenges -- the environmental NGOs continue to establish themselves as active stakeholders in the policy making process.

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